



Agriculture, Business, and Energy

USAID/Riccardo Gangale



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Agriculture, Business, and Energy FY 2013

Budget:
\$47.7 million

Key Partners:

- Government of Kenya:
- Ministry of Agriculture, Livestock, and Fisheries
 - Kenya Agricultural Research Institute
 - Agriculture Sector Coordination Unit
 - National Economic and Social Council
 - National Treasury
 - National Bank of Kenya
 - Kenya Plant Health Inspectorate Services
 - Pest Control Products Board
 - Horticultural Crops Development Authority
 - National Drought Management Authority

Implementing partners:

- ACIDI-VOCA
- CGIAR - AWARD
- DAI
- Farm Inputs Promotions-Africa
- Fintrac Inc.
- Land O' Lakes
- Regional Strategic Analysis Knowledge Support System
- Tegemeo Institute of Agricultural Policy and Development, Egerton University
- University of Nairobi

OVERVIEW

Agriculture is the backbone of Kenya's economy and central to the Government of Kenya's development strategy. The sector contributes one-fourth of GDP directly and another quarter indirectly. Agriculture also accounts for 65 percent of total exports. Up to 80 percent of Kenyans work at least part-time as farmers or pastoralists. Kenya's Agricultural Sector Development Strategy aims to expand Kenya's agricultural sector by seven percent each year. The U.S. Government's commitment is fully-aligned with Kenya's strategy.

To further its commitment to agriculture and food security, USAID supports innovative, private sector-led solutions and government policies that strengthen value chains for horticulture, dairy, livestock, and staple crops in order to increase incomes of smallholder farmers, including women and youth.

USAID activities expand access to finance for farmers, entrepreneurs, and Kenya energy parastatals. By increasing private sector investment and creating business linkages, USAID expands opportunities for economic growth in Kenya's agricultural, business, and energy sectors.

PROGRAM AREAS

In 2013, USAID supported more than 440,000 of Kenya's smallholder farmers to embrace new ideas and farming practices as part of President Obama's Feed the Future initiative. USAID also supported research by the Kenya Agricultural Research Institute on 34 new agricultural technologies; 26 of these technologies have been brought to market for farmers' use. Feed the Future has increased the volume and value of farmers' crops through enhanced production and has connected poor farmers to markets for increased income. This has led to improved nutrition security and more resilient Kenyan families.

Feed the Future activities develop improved production, inputs, and post-harvest technologies; strengthen producer organizations; expand agricultural products in domestic and export markets; advocate for farmer-friendly policies; and promote better nutrition.

USAID facilitates finance and investment in agriculture, business and energy by providing technical assistance to Kenya's banking sector and microfinance institutions, and by using its Development Credit Authority (DCA) to provide partial-loan guarantees. A DCA unlocks private capital and allows for underserved entrepreneurs to establish their credit worthiness, which then helps financial institutions become comfortable with new borrowers and sectors in a commercially sustainable way. In 2013, USAID helped mobilize \$262 million of credit for agricultural and rural loans. Lenders have

broadened their financial offerings by creating new loan products, offering improved loan terms, or lending to a new sector.

Through President Obama's Power Africa initiative, USAID helps leverage private-sector resources to mobilize investment in energy. USAID uses DCAs, technical assistance, and grants to support private sector investment in clean, renewable energy and address constraints that limit the growth of the energy sector.

Increasing Resilience and Access to Water, Sanitation, and Hygiene

In response to the Horn of Africa crisis in 2011, USAID/Kenya created several integrated resilience activities designed to reduce the need for recurrent humanitarian assistance by accelerating economic growth. The activities focus on the arid and semi-arid lands of northern Kenya where livestock is central to the economy and rainfall is increasingly sporadic. Among other activities, USAID helps pastoralists earn more money from their herds, prevents diarrheal diseases through increased access to water, sanitation and hygiene, and improves management of drought-prone rangelands. Activities like these help communities expand their livelihood opportunities, protect their natural resources and improve their health, all contributing to greater resilience when the next climatic shock occurs.

USAID'S AGRICULTURE AND FOOD SECURITY PROGRAM IN ACTION

The Good Neighbors Community Program is a woman-run organization based in Trans Nzoia County, Kenya that has been providing training to passion fruit farmers since 2004. In July 2010, the organization partnered with the USAID-funded Kenya Horticulture Competitiveness Project to help improve smallholders' access to high-quality, disease-free seedlings and bring these farmers into the commercial value chain. The USAID project helped Good Neighbors Community Program develop a sustainable seedling distribution model by providing market information tools and linkages, and introducing them to good agricultural practices and technologies to help smallholders dramatically improve yields.

"Progress on our part is largely owed to technologies and other interventions introduced to our group by USAID Kenya Horticulture Competitiveness Project," says Zippy Simiyu, the Good Neighbors Community Program coordinator.

The Good Neighbors model works to commercialize smallholders along the entire passion fruit value chain, focusing on the biggest obstacle to production: access to clean and certified planting materials. Traditionally, farmers used local variety seedlings, which are highly susceptible to disease and result in very low yields. Good Neighbors has built the capacity of 22 nursery operators to provide high-quality planting materials to local farmers. In three years, passion fruit yield value reached 236,723,210 Kshs (\$2,784,978) for local farmers.

In September 2013, Good Neighbors Community Program graduated from USAID assistance, meaning they will continue to independently provide high-quality technical assistance and training to households in eight counties.

There is room for growth in passion fruit production and sales. Good Neighbors collections from farmers fall short of market demand. Good Neighbors will continue to encourage farmers – particularly women and youth – in commercial horticulture to take advantage of this huge market opportunity.

"There is a lot more potential in Kenya, which the USAID Kenya Horticulture Competitiveness Project has placed us in a position to tackle. As we graduate, we look forward to becoming a stronger, highly independent and profitable business force that satisfies our efforts of recruiting and training farmers to be successful entrepreneurs," said Zippy.

Good Neighbors Community Program is one of 8,978 food security private enterprises (for profit), producers organizations, water users associations, women's groups, trade and business associations, and community-based organizations that received United States Government assistance in Kenya in 2013.



Zippy Simiyu of Good Neighbors Community Program demonstrates best practices for passion fruit production to a group of local farmers.